SummaCare SM

The Purpose of HCC Coding

Hierarchical condition category (HCC) coding is a risk-adjustment model originally designed to **estimate future healthcare costs for patients**. Along with demographic factors (such as age and gender), insurance companies use HCC coding to assign patients a risk adjustment factor (RAF) score.

What are HCCs?

HCCs, or **Hierarchical Condition Categories**, are sets of medical codes that are linked to specific clinical diagnoses. Since 2004, HCCs have been used by the Centers for Medicare and Medicaid Services (CMS) as part of a risk-adjustment model that identifies individuals with serious acute or chronic conditions. This allows Medicare to project the expected risk and future annual cost of care. Each HCC represents diagnoses with similar clinical complexity and expected annual care costs.

What is a RAF score and what does it have to do with HCCs?

A **Risk Adjustment Factor**, known as a RAF score, is a measure of the estimated cost of an individual's care based on their disease burden and demographic information. The RAF score is then used to calculate payments to healthcare organizations.

Each HCC associated with a patient is assigned a relative factor that is averaged with any other HCC code factors and a demographic score. This risk score is than normalized with different CMS adjustment logic which reduces the beneficiary's final risk score.

The resulting score is then multiplied by a predetermined dollar amount based on the county base rate that the member resides in. The payment being calculated is the per-member-per-month (PMPM) capitated reimbursement for the next period of coverage.

The PMPM is the payment amount that the health plan receives for a patient enrolled in their Medicare Advantage plan regardless of services provided. Healthier patients will have a below average RAF while sicker patients will have a higher one, which impacts the calculated payment amount. Scores are calculated on a biannual basis.

How do HCCs impact reimbursement?

HCCs directly impact the amount of money received by healthcare organizations from the largest single payer in healthcare, CMS. Patients with high HCCs are expected to require more intensive medical treatment verses those enrollees who have low HCCs. Based on the HCC system, providers need to document all health conditions to the appropriate specificity level for CMS to ascertain the patients' true health status which impacts the risk adjustment payment.

A simple example helps illuminate this concept: Diabetes with no complications, HCC code 19, pays a capitation rate of $894.40, while diabetes with ESRD, requires 2 HCC codes, 18 and 136, and increases the capitation rate to $1,273.60. The ability to document with greater precision can dramatically impact payment amounts.

What is MEAT in coding?

One way to help ensure your documentation is up-to-par for HCC coding is to include MEAT (monitored, evaluated, assessed/addressed and treated) in the medical record for the patient encounter. To break it down, documentation must reflect: M – Monitoring signs, symptoms, disease progression and disease regression.

Monitored

Evaluated

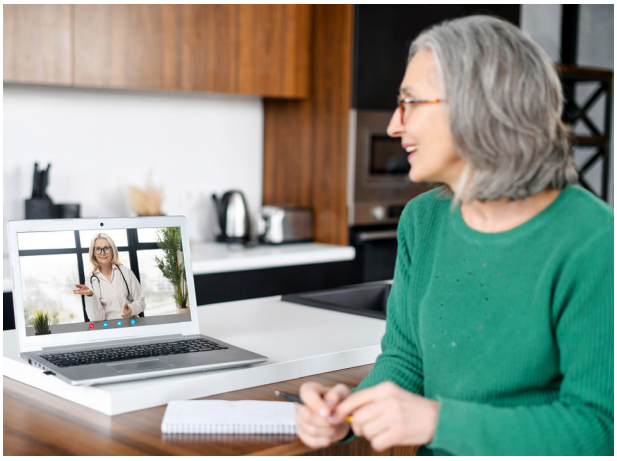
Assessed/Addressed

Treated

How can I improve my HCC coding?

Forming a workgroup that can help oversee the following five key action items necessary for improving HCC coding accuracy:

- Having an accurate problem list.
- Ensuring patients are seen in each calendar year.
- Improving decision support and EMR optimization.
- Widespread education and communication.
- Tracking the patient's health conditions and identifying opportunities for improvement.



Telehealth

For a telehealth visit, always document if it is with video or audio only. Documenting "telehealth visit" or "telemedicine visit" doesn't differentiate this. For Medicare all telehealth visits must be audio and video to be Risk Adjustable.

Interactive communications is the key to ensure all telehealth services use both an interactive audio and video telecommunications components that permits real-time interactive communication. Both the provider and the patient must be able to see and speak to each other during a telehealth encounter.

Documentation Standards: Ensure all telehealth service documentation meet the required "MEAT." Telehealth exceptions are not documentation exceptions, the note must meet the standards of a face-to-face encounter.